



Health Services
LOS ANGELES COUNTY

**Los Angeles County
Board of Supervisors**

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John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

June 1, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF A SOLE SOURCE CONSULTANT SERVICES
AGREEMENT WITH CATALYST SYSTEMS, LLC FOR THE EVALISYS
PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM AT ALL THE
DEPARTMENT OF HEALTH SERVICES' MEDICAL FACILITIES
(All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to sign a sole source agreement with Catalyst Systems, LLC (Catalyst) substantially in the form attached hereto as Exhibit I, to provide consultant services to implement an annual support program for the Evalisys® Patient Classification System (PCS) at all the Department of Health Services' (DHS) medical facilities licensed to use the PCS, effective upon Board approval through June 13, 2011, at an annual rate of \$125,290, plus reasonable and necessary out of pocket expenses authorized and approved under the terms of the sole source agreement, estimated at \$10,000 annually, for a total of \$676,450 for the five-year period. The term of the sole source agreement may be further extended beyond June 13, 2011, on a month-to-month basis, for a period not to exceed six months, upon the mutual agreement of the parties, at the same rate pro-rated for the six-month period.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended action, the Board is authorizing the provision of consultant services to implement an annual support program for the paper-based PCS at all the DHS' medical facilities currently licensed to use the PCS. The support program includes, among other things, an urgent methodology upgrade which will facilitate the integration of recent changes to legislatively mandated patient classification and staffing ratios.

The PCS and the support program is a proprietary product of Catalyst. The specialized consulting services included in the support program are specific to the use of the PCS.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.ladhs.org

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through leadership,
service and education.*



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FISCAL IMPACT/FINANCING:

The maximum net County cost for the provision of consultant services to implement the PCS support is \$125,290 for each year during the term of the recommended sole source agreement, payable annually in advance, for a total of \$626,450. The County will also reimburse Catalyst for reasonable and necessary out of pocket expenses incurred by Catalyst in order to perform its work under the recommended sole source agreement, subject to the then-current limits set forth in the applicable sections of the Los Angeles County Code and to prior approval by County's project director. The estimated annual cost for these expenses is \$10,000, for a total cost of \$676,450 for the five-year period. As negotiated with the vendor, each invoice for such out of pocket expenses which are not paid by County within 90 days of the date of such invoice may be subject to a 1½% rebilling fee.

Funding is included in the Fiscal Year (FY) 2005-06 Final Budget and in the FY 2006-07 Proposed Budget, and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On July 25, 2000, as a result of a Request for Proposals competitive selection process, the Board approved a three-year contract with Catalyst to provide specialized consultant services to develop the existing on-site paper-based PCS, including system implementation and classification tools, at all the applicable DHS medical facilities. Under that original contract, the County obtained a perpetual license to use the PCS, subject to the license terms described therein. Catalyst was selected because its PCS provided a consistent and reliable method of classifying patients in accordance with Title 22 regulatory requirements, as well as the requirements of regulatory and certifying agencies, such as the Joint Commission on Accreditation of Healthcare Organizations.

At the time the original contract was approved, no support package was available for the PCS. Additionally, AB 394 mandated staffing ratios had not been finalized. AB 394 has since been finalized and establishes specific numerical nurse-to-patient ratios for acute care, acute psychiatric, and specialty hospitals in California. The ratios are the maximum number of patients that may be assigned to a licensed nurse during one shift.

The recommended sole source agreement will provide a support program for the PCS. Under the support program, Catalyst will provide an urgently needed methodology upgrade to assist DHS in monitoring compliance with patient classification and staffing ratios imposed by AB 394.

Additionally, the support program will include, without limitation, an annual review of DHS' use of PCS at the various medical facilities. Catalyst considers the specific combination of services included in its support program a trade secret and, accordingly, insisted that the version filed with your Board in this action redact specific portions of Exhibit B (Statement of Work) to the recommended sole source agreement which list out those combination of services. As a result, the version of Exhibit B (Statement of Work) attached hereto does not include Section 3 (Scope and Requirements). A complete version of Exhibit B (Statement of Work) will be provided to your Board upon request.

The PCS is a method for establishing staffing requirements by unit, patient, and shift. AB 394 requires additional licensed nurses be assigned based on a documented patient classification system that measures

patient needs and nursing care, including severity of illness and complexity of clinical judgment. The law also restricts the unsafe assignment of unlicensed staff and the unsafe assignment of nursing staff to hospital clinical areas where they have not demonstrated competency, training, and orientation.

The recommended sole source agreement is effective upon Board approval through June 13, 2011. The term of the recommended sole source agreement may be further extended beyond June 13, 2011, on a month-to-month basis, for a period not to exceed six months, upon the mutual agreement of the parties.

The recommended sole source agreement includes a limitation on the liability of both County and Catalyst to the aggregate amounts paid or payable by County to Catalyst. However, liability arising from a party's intentional or willful misconduct, third party indemnity claims for personal injury or death and/or third party intellectual property indemnity claims are not subject to the foregoing limitation on liability. The recommended sole source agreement additionally excludes liability of both County and Catalyst for consequential, exemplary, and incidental damages.

The recommended sole source agreement contains the latest provisions regarding compliance with contractor's responsibility and debarment, consideration of County's employees targeted for layoff and GAIN/GROW participants, jury service program, safely surrendered baby law, child support compliance program and contractor's obligations as a business associate under the Health Insurance Portability and Accountability Act of 1996. The recommended sole source agreement contains the latest provision regarding assignment by contractor, except that Catalyst insisted that County's approval of any such assignment not be unreasonably withheld. The recommended sole source agreement does not include the latest provision regarding contractor's charitable activities compliance because Catalyst is a for-profit limited liability company.

The administrative staff at the authorized DHS medical facilities where the PCS is being used will monitor the contractor's performance to assure compliance with the terms and conditions of the recommended sole source agreement.

Attachment A provides additional information.

County Counsel has approved the recommended sole source agreement (Exhibit I) as to form.

CONTRACTING PROCESS:

Because the PCS and the support program are proprietary products of Catalyst, a sole source agreement is being recommended. A copy of the sole source letter that the Department sent to the Board Deputies on November 15, 2005 is on file. Information concerning sole source agreements is not advertised as a contract business opportunity on the Los Angeles County Online Web Site or in newspapers.

IMPACT OF CURRENT SERVICES (OR PROJECTS):

The implementation of the support program at the DHS medical facilities using the PCS to classify patients will facilitate the integration of patient classification and staffing requirements according to AB 394 mandated ratios.

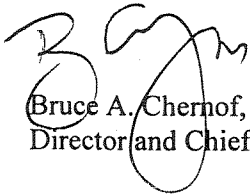
The Honorable Board of Supervisors

June 1, 2006

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When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. Chernof', is written over the printed name.

Bruce A. Chernof, M.D.

Director and Chief Medical Officer

BAC:dz

BLETCD3871.DZ

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT1. TYPE OF SERVICE:

Consultant services to implement an annual support program for the Evalisys® Patient Classification System (PCS) at all the Department of Health Services' (DHS) medical facilities currently licensed to use the PCS.

2. AGENCY ADDRESS AND CONTACT PERSON:

Catalyst Systems, LLC
1701 Novato Boulevard, Suite 205
Novato, California 94947
Attention: Holly A. De Groot, Chief Executive Officer
Telephone: (415) 893-7600 Fax: (415) 893-7605
E-mail: holly@catsys.com

3. TERM:

The recommended sole source agreement will become effective upon Board approval through June 13, 2011. The term of the recommended sole source agreement may be further extended beyond June 13, 2011, on a month-to-month basis, for a period not to exceed six months, upon the mutual agreement of the parties.

4. FINANCIAL INFORMATION:

The maximum net County cost for the provision of consultant services to implement the PCS support is \$125,290 for each year during the term of the recommended sole source agreement, payable annually in advance, for a total of \$626,450. The County will also reimburse Catalyst for reasonable out of pocket expenses, subject to the then-current limits set forth in the applicable sections of the Los Angeles County Code and to prior approval by County's project director, estimated at \$10,000 annually. The total for the five-year period is \$676,450. Funding is included in the Fiscal Year (FY) 2005-06 Final Budget and in the FY 2006-07 Proposed Budget, and will be requested in future fiscal years.

5. PROGRAM INFORMATION:

The recommended sole source agreement includes an urgent methodology upgrade to monitor staffing and classify patients, in compliance with AB 394, and therefore will enhance the use of the PCS currently being used at DHS medical facilities.

6. ACCOUNTABLE FOR CONTRACT MONITORING:

County facilities' administrative staff are responsible for monitoring the contract program.

7. APPROVALS:

Information Resource Management:	Paul Fu, Jr., Chief Information Officer
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel (as to form):	Amanda M.L. Drukker, Senior Associate County Counsel

SOLE SOURCE CONSULTANT SERVICES AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

CATALYST SYSTEMS, LLC

FOR

**SOLE SOURCE CONSULTANT SERVICES AGREEMENT
(EVALISYS® Patient Classification System Support Program)**

SOLE SOURCE CONSULTANT SERVICES AGREEMENT
(EVALISYS® Patient Classification System Support Program)

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Contract No. _____

SOLE SOURCE CONSULTANT SERVICES AGREEMENT
(EVALISYS® Patient Classification System Support Program)

THIS AGREEMENT is made and entered into this _____ day
of June, 2006 (together with the Exhibits, Schedules and Attachments hereto, this
"Agreement"),

by and between

COUNTY OF LOS ANGELES (hereafter
"County"),

and

CATALYST SYSTEMS, LLC (hereafter
"Contractor").

WHEREAS, pursuant to the provisions of Sections 1441 and 1445 of the California Health and Safety Code, County has established and maintains, through its Department of Health Services (hereafter "DHS"), a network of County hospitals, ambulatory care centers, public health and support facilities, and programs (hereafter collectively referred to as "County facilities"); and

WHEREAS, Contractor is engaged in the business of providing consultant services for the EVALISYS® Patient Classification System (hereafter "PCS") as described hereunder and is prepared to perform such services; and

WHEREAS, the consultant services to be provided hereunder are of an extraordinary professional or technical nature and County staff do not possess the necessary skill or expertise to competently perform this work; and

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DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

PCS SUPPORT AGREEMENT

WHEREAS, following a Request for Proposals competitive selection process, County's Board of Supervisors ("Board") approved that certain Patient Classification System Consultant Services Agreement, dated as of July 25, 2000, between County and Contractor (together with all exhibits, schedules and attachments thereto, hereafter, "Prior Agreement"), pursuant to which, among other things, (a) Contractor granted to County a non-exclusive, non-transferable, irrevocable and perpetual license to use the PCS and its related patient classification tools, software, data collection forms and/or study coordination manuals identified in any of Attachments A-1, A-2, and A-3 hereto as "Licensed Products" (which, together with the PCS and the Updates, written reports and other written materials described in Paragraph 18 (License and Prior License Agreements) are collectively referred to herein as the "Licensed Products") and (b) County purchased from Contractor certain services related thereto, in each case, as more fully described in the Prior Agreement; and

WHEREAS, Contractor developed the existing on-site PCS at County facilities under the Prior Agreement, the term of which ended on December 31, 2002; and

WHEREAS, Contractor is duly licensed and certified under the laws of the State of California to engage in the business of providing PCS consultant services as described hereunder and possesses the competence, expertise, and personnel required to provide such services; and

WHEREAS, this Agreement is authorized by California Code Section 26227 and 31000.

NOW, THEREFORE, the parties hereto agree as follows:

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

PCS SUPPORT AGREEMENT

1. TERM: The term of this Agreement shall commence on the date of approval by Board (such date, the "Effective Date") and shall continue in full force and effect to midnight on the fifth anniversary of the Effective Date ("Initial Term"), unless sooner terminated in whole or in part pursuant to the terms of this Agreement.

The Initial Term may be extended in writing by the Director of Health Services, or his duly authorized designee (hereafter collectively referred to as "Director"), beyond the fifth anniversary of the Effective Date, on a month-to-month basis, for a period not to exceed six (6) months, upon the mutual agreement of the parties. Except as specifically noted, all provisions of this Agreement shall remain in effect for the duration of any such extension.

As used throughout this Agreement, references to "Agreement term" or "term of this Agreement" include the Initial Term and any extension thereof as provided for in this Paragraph.

2. ADMINISTRATION OF AGREEMENT - COUNTY: Director shall have the authority to administer this Agreement on behalf of County. Director retains professional and administrative responsibility for the services rendered under this Agreement. Contractor shall designate in writing a person who shall have the authority to administer this Agreement on behalf of Contractor.

County's Project Director:

County's Project Director for this Agreement shall be the following person or her designee:

Kathy McAdam, Director Nursing Administration
Department of Health Services
Information Systems Branch
313 North Figueroa Street - Sixth Floor-West
Los Angeles, California 90012

County shall notify Contractor in writing of any change in the name or address of County's Project Director.

Except as otherwise expressly stated in this Agreement, County's Project Director, or her designee, is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever.

County's Project Director, or her designee, shall provide direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.

County's Project Coordinators:

County's Project Coordinators for this Agreement shall be the following persons or their designees (hereafter collectively referred to as "Project Coordinator"):

Marianne Kainz, Chief Nursing Officer
Olive View/UCLA Medical Center
14445 Olive View Drive
Sylmar, California 91342
Karen Wunch, Chief Nursing Officer
Rancho Los Amigos National Rehabilitation Center
7601 E. Imperial Highway

Downey, California 90242

County shall notify Contractor in writing of any change in the name or address of Project Coordinator.

Project Coordinator shall be responsible for ensuring that the objectives of this Agreement are met.

Project Coordinator is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever.

Project Coordinator shall have the right at all times to inspect any and all tasks, deliverables, goods, services or other work provided by or on behalf of Contractor.

County Personnel:

All County personnel assigned to this Agreement shall be under the exclusive supervision of County. Contractor understands and agrees that all such County personnel are assigned only for the convenience of County. Contractor hereby represents that its price, implementation schedules, and performance hereunder are based solely on the work of Contractor's personnel, except as otherwise expressly provided by this Agreement.

Approval of Work:

All tasks, deliverables, goods, services and other work provided by Contractor must have the written approval of County's Project Director, which approval should not be unreasonably withheld. In no event shall County be liable or responsible for any payment prior to such written approval.

Approval of Invoices:

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

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All invoices submitted by Contractor for payment must have the written approval of County's Project Director, which approval should not be unreasonably withheld. In no event shall County be liable or responsible for any payment prior to such written approval.

3. ADMINISTRATION OF AGREEMENT - CONTRACTOR:

A. Contractor's Project Director:

Contractor's Project Director shall be the following person or her designee:

Holly A. De Groot, PhD, RN, FAAN
Chief Executive Officer
1701 Novato Boulevard, Suite 205
Novato, California 94947
Tel. No.: (415) 893-7600 - Fax No.: (415) 893-7605

Contractor shall notify County in writing of any change in the name or address of Contractor's Project Director.

Contractor's Project Director shall be available to meet with County's Project Director at least annually to review project status and discuss project coordination. Such meetings shall be conducted telephonically (unless County's Project Director requests an in-person meeting) at a date and time mutually convenient to the parties.

B. Reports by Contractor:

In order to control expenditures and to ensure the reporting of all tasks, deliverables, goods, services, and other work provided by Contractor,

Contractor shall provide County's Project Director with annual written status reports, which shall include, but not be limited to, the following information:

- (1) Overview of the reporting period.
- (2) Tasks, deliverables, goods, services and other work scheduled for the reporting period which were not completed.
- (3) Tasks, deliverables, goods, services and other work for the reporting period which were completed.
- (4) Tasks, deliverables, goods, services and other work completed in the reporting period which were not scheduled.
- (5) Tasks, deliverables, goods, services and other work to be completed in the next reporting period.
- (6) Issues to be resolved.
- (7) Issues resolved.
- (8) A summary of any legislative changes occurring during the reporting period which might impact staffing or patient classification, as well as any methodological changes Contractor has made to the PCS.
- (9) A statement of the number of County's used and remaining consultation days hereunder.
- (10) Any other information which County may reasonably require from time-to-time.

4. WORK: Pursuant to the provisions of this Agreement, Contractor shall fully provide, complete and deliver on time all tasks, deliverables, goods, services, and other work as set forth in this Agreement, including, without limitation, in Exhibit B

(Statement of Work) (hereafter collectively, "Work").

If Contractor provides any Work to County other than those specified in this Agreement, the same shall be deemed to be a gratuitous effort on the part of Contractor and Contractor shall have no claim whatsoever against County therefor

In the event that Contractor has not received an installment of Annual Consulting Fees (as defined in Paragraph 8 (Maximum Obligation of County)) by the due date therefor under Paragraph 11 (Invoicing and Payments) of Exhibit A (Additional Provisions), Contractor may withhold performance of the Work associated with such installment of Annual Consulting Fees until the date on which Contractor receives such Annual Consulting Fees.

5. DESCRIPTION OF SERVICES:

A. Contractor shall provide Work in the form as described in the body of this Agreement and Exhibit B (Statement of Work), attached hereto and incorporated herein by reference.

B. Contractor represents and warrants that (i) all Work provided under this Agreement shall be provided in a timely and professional manner by qualified personnel, (ii) the quality of Work provided under this Agreement shall be at least equivalent to that which Contractor provides to all other clients it serves and (ii) all such Work shall strictly comply with descriptions and representations set forth in Agreement, including, without limitation, in Exhibit B (Statement of Work).

6. ACCESS: County shall provide Contractor and its personnel with reasonable access to County facilities as required by Contractor to perform the Work as described

hereunder.

7. INTENTIONALLY OMITTED.

8. MAXIMUM OBLIGATION OF COUNTY:

A. During the period from the Effective Date through the term of this Agreement, the maximum obligation of County for all Work provided under this Agreement shall not exceed (1) for each twelve calendar month period, the amount set forth on Schedule 1 (Annual Consulting Fees) attached hereto for such period (with respect to each such period, "Annual Consulting Fee") plus (2) Contractor's reasonable and necessary expenditures for Contractor's staff transportation, meals, lodging and other out-of-pocket expenses, in each case, in order to perform Contractor's Work hereunder, provided that (a) such expenditures, either individually or in the aggregate, shall not exceed the limits set forth in the then-current Chapter 5.40 (Travel and Other Expenses) of the Los Angeles County Code, and (b) all such expenditures shall be subject to approval in advance, in writing, by County's Project Director, which approval may be granted or withheld in such person's sole discretion.

B. County in no event shall be required to pay Contractor more than the maximum obligation of County as set forth in subsection A. of this Paragraph.

9. INDEMNIFICATION, GENERAL INSURANCE REQUIREMENTS, AND
INSURANCE COVERAGE REQUIREMENTS

A. INDEMNIFICATION: Contractor shall indemnify, defend, and hold harmless County and its Special Districts, elected and appointed officers,

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement. This Paragraph shall survive the termination or expiration of this Agreement.

B. GENERAL INSURANCE REQUIREMENTS: Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense.

(1) Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to County's Department of Health Services, Contracts and Grants Division, 313 North Figueroa Street, Sixth Floor-East, Los Angeles, California 90012, Attention: Dio Zambrano, Contract Administrator, prior to commencing Work under this Agreement. Such certificates or other evidence shall:

- (a) Specifically identify this Agreement.
- (b) Clearly evidence all coverages required in this Agreement.

(c) Contain the express condition that County is to be given written notice by mail at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.

(d) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insured for all activities arising from this Agreement.

(e) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

(2) Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

(3) Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County,

at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

(4) Notification of Incidents, Claims, or Suits: Contractor shall report to County:

(a) Any accident or incident relating to Work performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within twenty-four (24) hours of occurrence.

(b) Any third party claim or lawsuit filed against Contractor arising from or related to Work performed by Contractor under this Agreement.

(c) Any injury to a Contractor employee which occurs on County property. This report shall be submitted on a County "Non-Employee Injury Report" to County's Project Coordinator, or his/her authorized designee, at the County facility.

(d) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

(5) Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

(6) Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing Work under this Agreement meet the insurance requirements of this Agreement by either:

(a) Contractor providing evidence of insurance covering the activities of subcontractors, or

(b) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

C. INSURANCE COVERAGE REQUIREMENTS:

(1) General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate: \$2 Million

Products/Completed Operations Aggregate: \$1 Million

Personal and Advertising Injury: \$1 Million

Each Occurrence: \$1 Million

(2) Automobile Liability Insurance (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than \$1 Million for each

accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

(3) Workers Compensation and Employers' Liability Insurance providing workers compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident: \$1 Million

Disease - Policy Limit: \$1 Million

Disease - Each Employee: \$1 Million

(4) Professional Liability Insurance covering liability arising from any error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$1 Million aggregate. The coverage also shall provide an extended two-year reporting period commencing upon expiration or earlier termination or cancellation of this Agreement.

10. SUBCONTRACTING:

A. For purposes of this Agreement, Director pre-approves only those subcontracts required by Contractor to directly assist/support Contractor's provision of PCS consulting services. Any and all other subcontracts must first be approved

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in writing by Director. Contractor's written request to Director for approval to enter into a subcontract shall be made at least thirty (30) calendar days prior to the subcontractor's proposed effective date, and shall include:

(1) Identification of the proposed subcontractor, (who shall be licensed as appropriate for provision of subcontract Work), and an explanation of why and how the proposed subcontractor was selected, including the degree of competition involved.

(2) A detailed description of the Work to be provided by the subcontract.

(3) The proposed subcontract amount and manner of compensation, if any, together with Contractor's cost or price analysis thereof.

(4) A copy of the proposed subcontract. (Any later modification of such subcontract shall take the form of a formally written subcontract amendment which also must be approved in writing by Director in the same manner as described above, before such amendment is effective.)

(5) Any other information and/or certification(s) requested by Director.

B. Director shall review Contractor's request to subcontract and shall determine, in his/her sole discretion, whether or not to consent to such a request on a case-by-case basis.

C. Subcontracts shall be made in the name of Contractor and shall not bind nor purport to bind County. The making of subcontracts hereunder shall not relieve Contractor of any requirement under this Agreement, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Further,

Director's approval of any subcontract shall also not be construed to limit in any way, any of County's rights or remedies contained in this Agreement.

D. In the event that Director consents to any subcontracting, Contractor shall be solely liable and responsible for any and all payments or other compensation to all subcontractors, and their officers, employees, and agents.

E. In the event that Director consents to any subcontracting, such consent shall be subject to County's right to terminate, in whole or in part, any subcontract at any time upon written notice to Contractor when such action is deemed by County to be in its best interest. County shall not be liable or responsible in any way to Contractor, or any subcontractor, or to any officers, employees, or agents, of Contractor, or any subcontractor, for any liability, damages, costs, or expenses, arising from or related to County's exercising of such a right.

F. Subcontracts shall contain the following provision: "This contract is a subcontract under the terms of a prime contract with the County of Los Angeles and shall be subject to all of the provisions of such prime contract." Further, Contractor shall also reflect as subcontractor requirements in the subcontract form all of the requirements of Paragraphs 9, 10, 12, 15, and 20 of the body of this Agreement, as well as all of the provisions of Exhibit A (Additional Provisions).

Contractor shall deliver to Director a fully executed copy of each subcontract entered into by Contractor, as it pertains to the provision of Work under this Agreement, on or immediately after the effective date of the subcontract, but in no event, later than the date any Work is to be performed under the subcontract.

G. Director is hereby authorized to act for and on the behalf of County pursuant to this Paragraph, including but not limited to, consenting to any subcontracting.

11. COMPLIANCE WITH APPLICABLE LAW:

A. Contractor shall comply with the requirements of all federal, State, and local laws, ordinances, regulations, rules, guidelines, and directives, applicable to its performance hereunder. To the extent there is any conflict between federal and State or local laws, the former shall prevail.

Any reference to a specific statute, regulation, or any other document not prepared by County is deemed to include a reference to any amendment thereto as of the effective date of such amendment; further, this Agreement shall be interpreted and the parties' duties and obligations under this Agreement shall be consistent with any amendment to any applicable statute, regulation or other document not prepared by County which occurs after the Effective Date.

B. Contractor shall indemnify and hold harmless County from and against any and all loss, damage, liability, or expense resulting from any violation on the part of Contractor, its officers, employees, or agents, of such federal, State, or local laws, regulations, guidelines, or directives.

12. ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such

consent shall be null and void. Except for the delegated authority expressly provided for herein, County shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of Contractor, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this Paragraph, consent of either party shall require a written amendment to the Agreement, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Agreement shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

B. Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein without the prior consent of County. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than majority controlling interest therein at the time of execution of the Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement, provided that such consent shall not be unreasonably withheld.

C. If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract,

delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

13. CONSTRUCTION: To the extent there are any rights, duties, obligations, or responsibilities enumerated in the recitals or otherwise in this Agreement, they shall be deemed a part of the operative provisions of this Agreement and are fully binding upon the parties.

14. INTERPRETATION: CONFLICT OF TERMS: Exhibits A and B, Attachments A-1, A-2, A-3, and B-1 and Schedule 1 are attached hereto and form a part hereof. Except as expressly provided in Paragraph 18 (License and Prior License Agreements), to the extent that there exists any conflict or inconsistency between the language of this Agreement, and that of any Exhibit(s), Attachment(s), Schedule(s) and any other documents incorporated herein by reference, the language found within this Agreement shall govern and prevail, then to the Exhibit(s), Attachment(s) and Schedule(s) in the following order of priority:

Exhibit A - Additional Provisions

Exhibit B - Statement of Work

Attachment B-1 - Licensed Facilities

Schedule 1 - Annual Consulting Fees

Attachments A-1, A-2, and A-3 - Prior License Agreements

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This Paragraph shall survive the termination or expiration of this Agreement.

15. ALTERATION OF TERMS: The body of this Agreement and all Exhibit(s), Schedule(s) and/or Attachment(s) attached hereto together fully express all understandings of the parties concerning all matters covered and shall constitute the total Agreement. No addition to, or alteration of, the terms of this Agreement, whether by written or verbal understanding of the parties, their officers, employees or agents, shall be valid and effective unless made in accordance with this Paragraph. For any change which does not affect the scope of Work under this Agreement, term, schedule or payments, or does not materially modify any other term or provision of this Agreement, a change notice shall be prepared and executed by County's Project Director and Contractor. Any other change to this Agreement shall require an amendment prepared and executed by County's Board of Supervisors and Contractor.

16. CONTRACTOR'S OFFICE: Contractor's primary business office is located at 1701 Novato Boulevard, Suite 205, Novato, California 94947. Contractor's primary business telephone number is (415) 893-7600 and facsimile/FAX number is (415) 893-7605. Contractor shall notify County, in writing, of any changes made to Contractor's primary business address, business telephone number and/or facsimile/FAX number as listed herein, or any other business address, business telephone number and/or facsimile/FAX number used in the provision of Work herein, at least ten (10) calendar days prior to the effective date(s) thereof.

17. NOTICES: Notices hereunder shall be in writing and may either be delivered personally, sent by registered or certified mail (return receipt requested and

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postage prepaid), or sent by facsimile or electronic mail transmission followed within twenty-four (24) hours by a confirmation copy mailed by registered or certified mail (return receipt requested and postage prepaid) to the parties at the addresses listed below. Without limiting specific authorization granted to County's Project Director elsewhere under this Agreement, the Director is authorized to execute all notices or demands which are required or permitted by County under this Agreement. Addresses and parties to be notified may be changed by providing at least ten (10) working days prior written notice to the other party.

A. Notices to County shall be addressed as follows:

- (1) Department of Health Services
Office of the Chief Information Officer
313 North Figueroa Street, Room 317
Los Angeles, California 90012-2659

Attention: Division Chief

Facsimile: (213) 240-7809

E-mail: jcochran@ladhs.org
- (2) Department of Health Services
Contracts and Grants Division
313 North Figueroa Street, Sixth Floor-East
Los Angeles, California 90012-2659

Attention: Division Chief

Facsimile: (213) 250-2958
E-mail: coneill@ladhs.org

B. Notices to Contractor shall be addressed as follows:

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Catalyst Systems, LLC
1701 Novato Boulevard, Suite 205
Novato, California 94947

Attention: Holly A. De Groot, PhD, RN, FAAN
Chief Executive Officer

Facsimile: (415) 893-7605

E-mail: holly@catsys.com

18. LICENSE AND PRIOR LICENSE AGREEMENTS:

A. Pursuant to the Prior Agreement, County and Contractor entered into the three license agreements attached hereto as Attachments A-1, A-2, and A-3 and made a part hereof (such license agreements are collectively referred to herein as "Prior License Agreements"). Except as expressly stated in Subparagraphs B. or C. below, County and Contractor reaffirm the terms and provisions of the Prior License Agreements, including, without limitation, the non-exclusive, non-transferable, irrevocable, and perpetual licenses granted by Contractor to County in respect of the Licensed Products, and agree that such terms and provisions are in full force and effect. County and Contractor further agree that upon (1) installation and implementation of any Updates (as defined in Exhibit B (Statement of Work)) to the PCS pursuant to this Agreement, and (2) delivery to County of any written reports and/or other written materials developed or prepared by Contractor pursuant to this Agreement, Updates, written reports, and/or other written materials shall automatically be subject such Prior License

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Agreements, including, without limitation, the non-exclusive, non-transferable, irrevocable, and perpetual licenses granted by Contractor to County thereunder, to the full extent as if such Updates, written reports, and/or other written materials were "Licensed Products" thereunder.

B. Notwithstanding the reaffirmations and agreements regarding the Prior License Agreements stated in Subparagraph A. above, County and Contractor agree that from and after the Effective Date, Paragraph 9 (Publicity) of each Prior License Agreement shall be waived to the minimum extent necessary to permit County, acting through one or more of the licensed County facilities listed in Attachment B-1 (Licensed Facilities) or through any employee, agent, representative, or contractor allocated to such County facilities, without Contractor's prior express written consent, to reference, directly or indirectly, in any speech, publication, study, report, and/or other document (1) the acuity data collected and/or generated through County's use of the Licensed Products, without copying Contractor's actual presentation of such acuity data as generated by the Licensed Products ("Specified Data"), (2) the point scale of the PCS, and/or (3) Contractor, the PCS, and/or any of the other Licensed Products by name, provided that in the case of clause (3), each such reference is solely for the sole purpose of citing the foregoing as the applicable source for the Specified Data.

C. Notwithstanding the reaffirmations and agreements regarding the

Prior License Agreements stated in Subparagraph A. above, County has informed Contractor that, prior to the date hereof, County has provided a third party vendor of County, QuadraMed Corporation and/or an affiliate thereof ("Specified Third Party"), certain non-proprietary specifications regarding the Licensed Products in order for the Specified Third Party to provide County with a mechanism (commonly referred to in the industry as a "shell") to automate the Licensed Products through County's own efforts. Contractor consents to County's automation of the Licensed Products through the foregoing "shell" mechanism provided by the Specified Third Party and to County's continued use of such automated Licensed Products (together with any Updates from time to time provided by Contractor pursuant to this Agreement), provided that such continued use of such shall be subject to the terms of this Agreement and the Prior License Agreements.

In the event that County desires to automate the Licensed Products with any third party vendor other than the Specified Third Party "shell" automation, such automation shall require (i) on the part of County, prior written consent of the Contractor and (ii) on the part of the third party vendor, prior written agreement between Contractor and such third party vendor, it being expressly understood and agreed by Contractor that with respect to any such automation, a reasonable and customary nondisclosure agreement which is mutual on the part of Contractor and such third party vendor shall satisfy the requirement in this clause (ii). It is the intent of Contractor and County that the requirements set

forth in the immediately preceding sentence are designed to provide reasonable and customary protections to any of Contractor's proprietary information which may be disclosed to any third party vendor during the automation process, as well as to help ensure that the automation is successful for County, but that such requirements in no event unduly hinder or delay County's business processes. To this end, Contractor agrees that it shall at all times act in good faith in reviewing and approving each proposed automation hereunder, as well as in conducting any negotiation required in connection therewith, and shall not unreasonably condition, delay or withhold the required consent and agreement required under this Subparagraph with respect to each such automation.

D. County and Contractor agree that the waiver to the Prior License Agreements described in Subparagraph B. and the consent under the Prior License Agreements described in Subparagraph C. are intended to avoid future doubt and shall not be construed as an admission on the part of either party that the circumstances giving rise to such waiver and consent were not permitted under the Prior License Agreements. However, as a precaution, each party hereby releases the other party and its subsidiaries, affiliates, assigns and successors and their past, present and future owners, officers, shareholders, directors and agents, employees and representatives from any and all claims, damages, lawsuits, injuries, liabilities and causes of action relating to the circumstances described in Subparagraphs B. and C. above and arising prior to the Effective Date.

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E. County and Contractor further agree that the waiver to the applicable portions of Section 9 of the Prior License Agreements described in Subparagraph B. and the consent under the Prior License Agreements described in Subparagraph C. are not intended to, and shall not, modify any of County's or Contractor's other obligations under this Agreement or the Prior License Agreements, including, without limitation, Paragraph 20 (Proprietary Considerations; Confidentiality) of this Agreement or Paragraphs 7 (Ownership of the Licensed Products), 10 (Protection of Intellectual Property), and 11 (Confidentiality) of the Prior License Agreements, except as expressly stated in Subparagraph B. or Subparagraph C.

F. This Paragraph shall survive the termination or expiration of this Agreement.

19. DISCLOSURE OF INFORMATION:

Contractor shall not disclose any details in connection with this Agreement to any person or entity except as may be otherwise provided herein or required by law.

However, in recognizing Contractor's need to identify its services and related clients to sustain itself, County shall not inhibit Contractor from publishing its role under this Agreement within the following conditions:

A. Contractor shall develop all publicity material in a professional manner.

B. During the term of this Agreement, Contractor shall not publish or

disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of County without the prior written consent of Director or Director's designee. Director shall not unreasonably withhold written consent, and approval by Director may be assumed in the event no adverse comments are received in writing within two (2) weeks after submittal.

C. Contractor may, without the prior written consent of Director, indicate in its proposals and sales materials that it has been awarded this Agreement with the County of Los Angeles, provided that the requirements of this Paragraph shall apply.

This Paragraph shall survive expiration or termination of this Agreement.

20. PROPRIETARY CONSIDERATIONS; CONFIDENTIALITY:

A. Contractor is the sole and exclusive owner of all right, title, and interest in the Licensed Products, including all intellectual property rights related thereto, including all patents, copyrights, trademarks, and trade secrets. Nothing in this Agreement is intended to convey any form of ownership in the Licensed Products to County. Pursuant to the terms of the Prior License Agreements, Contractor conveys to County a restricted license to use the Licensed Products. Excluding the rights granted in the Prior License Agreements or as otherwise may be required by law, County has no other rights to use, copy, publish, or disclose the Licensed Products. Nothing which is developed, prepared, or conceived by Contractor in connection with the performance and provision of

Work pursuant to this Agreement shall be considered a "work made for hire".

B. Any data, information, products, documents, books, records and other materials developed or originally acquired by Contractor outside of the scope of this Agreement which Contractor desires to use hereunder become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are plainly and prominently marked "trade secret," "confidential," or "proprietary." The County shall not in any way be liable or responsible for the disclosure of any such items including those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

C. County will use reasonable means to ensure that all items Contractor plainly and prominently marks "trade secret", "confidential," or "proprietary" are safeguarded and held in confidence. County agrees not to reproduce, distribute, or disclose to anyone other than the licensed County facilities listed in Attachment B-1 (Licensed Facilities) or any employee, agent, representative, or contractor of County allocated to such County facilities and outside counsel or consultants subject to non-disclosure agreements or obligations any such items without the prior written permission of Contractor or as required by law or by an order issued by a court of competent jurisdiction.

D. Notwithstanding any other provision of this Agreement, County shall not be obligated in any way under Subparagraph C. above for:

(1) Any materials, data, and information not plainly and

prominently marked with restrictive legends as set forth in Subparagraph B.; and

(2) Any disclosure of any materials, data, and information which County is required to make under the Public Records Act or otherwise by law.

E. To the extent that Contractor gains access hereunder to County patient records and information, Contractor shall maintain the confidentiality of such records and information from third parties, including but not limited to, billings and County records, in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations, and directives relating to confidentiality. Contractor shall inform all its officers, employees, agents, subcontractors, and others providing services hereunder of this confidentiality provision requirement. Contractor shall indemnify and hold harmless County, its officers, employees, agents, and subcontractors, from and against any and all loss, damage, liability, and expense arising out of any disclosure of patient records and information by Contractor, its officers, employees, agents, subcontractors, and others providing services hereunder.

F. This Paragraph shall survive the termination or expiration of this Agreement.

21. PATENT, COPYRIGHT AND TRADE SECRET INDEMNITY:

Contractor shall indemnify, hold harmless, and defend County from any and all

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claim, loss, damage, or liability for or by reason of any actual or alleged infringement of any United States Patent, Copyright, or Trade Secret disclosure arising out of the operation and utilization of Contractor's equipment and services supplied to County hereunder or under the Prior License Agreements; provided that (a) Director promptly notifies Contractor in writing of such action or threat thereof and cooperates by giving Contractor reasonable assistance and information and (b) County has operated and utilized Contractor's equipment and services which are subject of such action or threat thereof in accordance with this Agreement and the Prior License Agreements and/or as authorized by Contractor in writing and in advance. This Paragraph shall survive expiration or termination of this Agreement.

22. WARRANTIES: (a) Contractor has the full power and authority to grant all rights granted to County under this Agreement; (b) no consent of any other person or entity is required by Contractor to grant such rights; (c) the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation of this Agreement and that all requirements of Contractor have been fulfilled to provide such actual authority; (d) the PCS complies, or, upon Contractor's installation and implementation the necessary Updates (as defined in Exhibit B (Statement of Work)) hereunder, shall comply, with federal, state and local laws, rules and regulations regarding staffing and patient classification; and (e) the performance of this Agreement by Contractor will not in any way constitute an infringement or other violation of any copyright, trade secret,

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trademark, service mark, patent, invention, proprietary information, moral, or other rights of any third party. Except as expressly provided in this Agreement (including, without limitation, in the Exhibit(s), Schedule(s) and/or Attachment(s) hereto), Contractor makes and County receives no other warranty, express or implied, and there are expressly excluded all warranties of merchantability and fitness for a particular purpose.

23. LIMITATION OF LIABILITY: Neither party shall have any liability with respect to such party's obligations under this Agreement for consequential, exemplary or incidental damages even if such party has been advised of the possibility of such damages. Each party's sole liability arising out of this Agreement, whether in contract, negligence or strict liability in tort or warranty, shall not exceed the aggregate Annual Consulting Fees paid or payable by County to Contractor under this Agreement, provided that the foregoing limitation on liability shall not apply to liability arising out of (a) intentional or wilful misconduct on the part of a party, (b) third party indemnity claims for personal injury or death under Paragraph 9(A) (Indemnification) or (c) third party intellectual property claims under Paragraph 20 (Intellectual Property Indemnification). This Paragraph shall survive the termination or expiration of this Agreement.

* * *

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IN WITNESS WHEREOF, the Board of Supervisors of the County has caused this Agreement to be subscribed by its Director of Health Services, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES, as County

By _____
Director and Chief Medical Officer

CATALYST SYSTEMS, LLC, as
Contractor

By _____
Signature

Print Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
RAYMOND G. FORTNER, Jr.
County Counsel

By _____
Amanda M.L. Drukker
Senior Associate County Counsel

COUNTY OF LOS ANGELES
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APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants Division

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EXHIBIT A

CATALYST SYSTEMS, LLC

SOLE SOURCE CONSULTANT SERVICES AGREEMENT
(EVALISYS® PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM)

ADDITIONAL PROVISIONS

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ADDITIONAL PROVISIONS

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1. ADMINISTRATION: Director shall have the authority to administer this Agreement on behalf of County. Contractor agrees to extend to Director, or to authorized federal, State, County, and local governmental representatives, the right to review and monitor Contractor's program(s), policies, procedures, and financial and/or other records, and to inspect its business offices, facility(ies), and/or County work site area(s), for contractual compliance at any reasonable time.

2. FORM OF BUSINESS ORGANIZATION AND FISCAL DISCLOSURE:

A. Form of Business Organization: Contractor shall prepare and submit to Director upon request, an affidavit, sworn to and executed by Contractor's duly constituted officers, or Board of Directors, containing the following information with supportive documentation:

(1) The form of Contractor's business organization, i.e., sole proprietorship, partnership, limited liability company ("LLC"), or corporation.

(2) Articles of Incorporation and By-Laws (or articles of organization, certificate of formation, certificate of registration, and operating agreement if Contractor's organization is a LLC).

(3) A detailed statement indicating whether Contractor is totally or substantially owned by another business organization (i.e., another legal entity or parent corporation).

EXHIBIT A

(4) Board Minutes, or other legal documentation, identifying who is authorized on behalf of Contractor to conduct business, make commitments, and enter into binding agreements with County. Such Board Minutes, or legal documentation, shall especially confirm that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement.

(5) A detailed statement indicating whether Contractor totally or partially owns any other business organization that will be providing services supplies, materials, or equipment to Contractor or in any manner does business with Contractor under this Agreement.

3. NONDISCRIMINATION IN SERVICES: Contractor shall not discriminate in the provision of services hereunder because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, or condition of physical or mental handicap, or in any manner on the basis of a client's sexual orientation in accordance with requirements of federal and State laws. For the purpose of this Paragraph, discrimination in the provision of services may include, but is not limited to, the following: denying any person any service or benefit or the availability of a facility; providing any service or benefit to any person which is not equivalent, or is provided in a non-equivalent manner or at a non-equivalent time, from that provided to others; subjecting any person to

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segregation or separate treatment in any manner related to the receipt of any service; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and treating any person differently from others in determining admission, enrollment quota, eligibility, membership, or any other requirements or conditions which persons must meet in order to be provided any service or benefit. Contractor shall take affirmative action to ensure that intended beneficiaries of this Agreement are provided services without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation.

In addition, Contractor's facility access for the handicapped must fully comply with section 504 of the federal Rehabilitation Act of 1973 and Title III of the federal Americans with Disabilities Act of 1990.

4. NONDISCRIMINATION IN EMPLOYMENT:

A. Contractor certifies and agrees, pursuant to the federal Rehabilitation Act of 1973, the federal Americans with Disabilities Act of 1990, and all other federal and State laws, as they now exist or may hereafter be amended, that it, its affiliates, subsidiaries, or holding companies, will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation.

Contractor shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to

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race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation, in accordance with federal and State laws. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

Contractor shall post in conspicuous places in each of Contractor's facilities providing services hereunder, positions available and open to employees and applicants for employment, and notices setting forth the provisions of this Paragraph.

B. Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation, in accordance with requirements of federal and State laws.

C. Contractor shall send to each labor union or representative of workers with which it has a collective bargaining agreement, or other contract of understanding, a notice advising the labor union or workers' representative of Contractor's commitments under this Paragraph.

D. Contractor certifies and agrees that it shall deal with its subcontractor, bidders, or vendors without regard to race, color, religion, national origin, ethnic

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group identification, ancestry, sex, age, marital status, political affiliation, condition of physical or mental handicap, or sexual orientation, in accordance with requirements of federal and State laws.

E. Contractor shall allow federal, State, and County representatives, duly authorized by Director, access to its employment records during regular business hours in order to verify compliance with the anti-discrimination provisions of this Paragraph. Contractor shall provide such other information and records as such representatives may require in order to verify compliance with the anti-discrimination provisions of this Paragraph.

F. If County finds that any of the provisions of this Paragraph have been violated, the same shall constitute a material breach of Agreement upon which County may determine to cancel, terminate, or suspend, this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the federal Equal Employment Opportunity Commission that Contractor has violated federal or State anti-discrimination laws shall constitute a finding by County that Contractor has violated the anti-discrimination provision of this Agreement.

G. The parties agree that in the event Contractor violates any of the anti-

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discrimination provisions of this Agreement, County shall be entitled, at its option, to the sum of Five Hundred Dollars (\$500) pursuant to California Civil Code section 1671 as liquidated damages in lieu of canceling, terminating, or suspending this Agreement.

5. FAIR LABOR STANDARDS ACT: Contractor shall comply with all applicable provisions of the federal Fair Labor Standards Act, and shall indemnify, defend, and hold harmless County, its officers, employees, and agents from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law including, but not limited to, the federal Fair Labor Standards Act for services performed by Contractor's employees for which County may be found jointly or solely liable.

6. EMPLOYMENT ELIGIBILITY VERIFICATION: Contractor warrants that it fully complies with all federal statutes and regulations regarding employment of undocumented aliens and others, and that all its employees performing services hereunder meet the citizenship or alien status requirements contained in federal statutes and regulations. Contractor shall obtain, from all covered employees performing services hereunder, all verification and other documentation of employment eligibility status required by federal statutes and regulations, as they currently exist and as they may be hereafter amended. Contractor shall retain such documentation for all covered employees for the period

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prescribed by law. Contractor shall indemnify, defend and hold harmless County, its officers, and employees from employer sanctions and any other liability which may be assessed against Contractor or County in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Agreement.

7. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM: Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director in writing, within thirty (30) calendar days, of: (1) any event that would require Contractor or a staff member's mandatory exclusion from participation in a federally funded health care program; and (2) any exclusionary action taken by any agency of the federal government against Contractor or one or more staff members barring it or the staff members from participation in a federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any federal exclusion of Contractor or its staff members from such participation in a federally funded health care program.

Failure by Contractor to meet the requirements of this Paragraph shall constitute a

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material breach of contract upon which County may immediately terminate or suspend this Agreement.

8. STAFF PERFORMANCE OF SERVICES WHILE UNDER THE INFLUENCE:

Contractor shall ensure that no employee or other person under Contractor's control, performs services hereunder while under the influence of any alcoholic beverage, medication, narcotic, or other substance that might impair his/her physical or mental performance.

9. RULES AND REGULATIONS: During the time that Contractor personnel (which includes any officers, employees, agents, and subcontractors of Contractor), are at a County facility such personnel shall be subject to the rules and regulations of such a County facility. It shall be the responsibility of Contractor to obtain a copy of the rules and regulations from Director's administrator at each County facility and to acquaint any personnel providing services hereunder, with such rules and regulations prior to the execution of this Agreement, as well as, acquainting such personnel with any changes to such rules and regulations during the term of this Agreement. Upon receipt of oral or written notice from Director, Contractor shall take corrective action with respect to any of its personnel, who do not comply with such rules and regulations, and shall immediately and permanently withdraw any such personnel (i.e., person) from the provision of services hereunder in the event that Director determines that (1) any such person has violated such rules or regulations, or (2) any such person's actions, while on County premises, indicates

that such person may adversely affect the delivery of health care services to County patients.

10. UNLAWFUL SOLICITATION: Contractor shall inform all of its officers and employees performing services hereunder of the provisions of Article 9 of Chapter 4 of Division 3 (commencing with section 6150) of Business and Professions Code of the State of California (i.e., State Bar Act provisions regarding unlawful solicitation as a runner or capper for attorneys) and shall take positive and affirmative steps in its performance hereunder to ensure that there is no violation of said provisions by its officers and employees. Contractor agrees to utilize the attorney referral service of all those bar associations within Los Angeles County that have such a service.

11. INVOICING AND PAYMENT:

A. Contractor shall invoice County (i) annually, in advance, with respect to the consulting fees set forth on Schedule 1 (Consulting Fees) for each twelve calendar month period commencing on the Effective Date through the term of this Agreement (each twelve calendar month period's fees listed on Schedule 1 is referred to herein as "Annual Consulting Fees"; all such fees are collectively referred to herein as "Consulting Fees") and (ii) as incurred for all expenditures reimbursable hereunder pursuant to Paragraph 8 (Maximum Obligation of County) of the body of this Agreement (referred to herein as "Reimbursable Expenditures"), in each case, in accordance with the terms of this Paragraph. For each month-to-month extension

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exercised in accordance with Paragraph 1 of the body of this Agreement, a pro rata portion of the Annual Consulting fees shall be invoiced by Contractor and payable by County, monthly in advance.

B. All invoices for Reimbursable Expenditures shall attach documentation evidencing (i) Contractor's incurrence of such Reimbursable Expenditures and (ii) County's Project Director's written approval of such expenditures in accordance with Paragraph 8 (Maximum Obligation of County) of the body of this Agreement and shall include a certification by Contractor that such Reimbursable Expenditures are otherwise permitted under Paragraph 8 (Maximum Obligation of County) of the body of this Agreement.

C. All invoices shall be submitted to County's Project Director at the address set forth in Paragraph 2 (Administration of the Agreement - County) of the body of this Agreement.

D. Upon County's Project Director's approval thereof in accordance with Paragraph 2 (Administration of the Agreement - County) of the body of this Agreement, County's Project Director shall promptly forward all invoices to County's Department of Health Services; ISB Finance Manager; 313 North Figueroa Street, Third Floor, Room 326; Los Angeles, California 90012.

E. All invoices prepared by Contractor and received by County's Project Director in accordance with this Paragraph shall be invoiced by Contractor and payable by County as follows:

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(i) The first installment Annual Consulting Fees shall be invoiced by Contractor within ten (10) days following the Effective Date and such invoice shall be payable by County within sixty (60) days of the date of such invoice.

(ii) Each remaining installment of Annual Consulting Fees shall be invoiced by Contractor sixty (60) days prior to the corresponding anniversary of the Effective Date and shall be payable by County on such anniversary of the Effective Date.

(iii) Each invoice for Reimbursable Expenses shall be invoiced by Contractor as such Reimbursable Expenses are incurred and shall be payable by County sixty (60) days from the date of such invoice. Invoices for Reimbursable Expenses which remain unpaid after ninety (90) days are subject to a one and one-half percent (1 1/2%) rebilling fee per month.

With respect to all invoices submitted hereunder, County and Contractor agree that if County's Project Director notifies Contractor that an invoice does not include any of the information required pursuant to this Paragraph, the applicable date on which such invoice would otherwise be payable by County under this Paragraph shall be tolled from the date of such notification until the date on which Contractor provides County's Project Director with the missing information.

F. In the event of a termination of this Agreement, other than for expiration of the term provided for under Paragraph 1 (Term) of the body of this Agreement or under Paragraph 33(D) of this Exhibit, Contractor shall refund County the pro rata portion of the Annual Consulting Fees for the twelve calendar month period during

which such termination occurs.

G. This Paragraph shall survive the termination or expiration of this Agreement.

12. RECORDS AND AUDITS:

A. Service Records: Contractor shall maintain, and provide upon request by County, accurate and complete records of its activities and operations as they relate to the provision of services, hereunder.

B. Financial Records: Contractor shall prepare and maintain on a current basis, complete financial records in accordance with generally accepted accounting principles and also in accordance with any additional accounting principles and procedures, and standards, which may from time to time be promulgated by Director. All such records shall be sufficient to substantiate all charges billed to County in the performance of this Agreement. Further, all financial records of Contractor pertaining to this Agreement, including accurate books and records of accounts of its costs and operating expenses, and all records of services (including personnel provided), as well as other financial records pertaining to this Agreement, shall be retained by Contractor for a minimum period of five (5) years following the expiration or prior termination of this Agreement. During such five (5) year period, as well as during the term of this Agreement, all records pertaining to this Agreement, or true and correct copies thereof, including but not limited to, those records described

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above, shall either: (1) be retained by Contractor, accessible for review by County representatives at a location in Los Angeles County, or (2) if retained by Contractor at a location outside of Los Angeles County, moved from such a location, to a location within Los Angeles County for review, upon Director's request, and made available during County's normal business hours, within ten (10) calendar days, to representatives of County, or federal and State governments, for purposes of inspection and audit. In the event such records are located outside Los Angeles County and Contractor is unable to move such records to Los Angeles County, then Contractor shall permit such inspection or audit to take place at an agreed to outside location, and Contractor shall pay County for travel, per diem, and other costs related to such inspection and audit.

Contractor shall further agree to provide such records, when possible, immediately to County by facsimile/FAX, or through the internet (i.e., electronic mail ["e-mail"]), upon Director's request. Director's request shall include appropriate County facsimile/FAX number(s) and/or e-mail address(es) for Contractor to provide such records to County. In any event, Contractor shall agree to make available the original documents of such FAX and e-mail records when requested by Director for review as described hereinabove.

C. Federal Access to Records: If, and to the extent that, section 1861

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(v)(1)(I) of the Social Security Act [42 United States Code ("U.S.C.") section 1395x (v)(1)(I)] is applicable, Contractor agrees that for a period of five (5) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Comptroller General of the United States, or to any of their duly authorized representatives, this Agreement, books, documents, and records of Contractor which are necessary to verify the nature and extent of the cost of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period with a related organization (as that term is defined under federal law), Contractor agrees that each such subcontract shall provide for such access to the sub-contract, books, documents and records of the subcontractor. This Paragraph shall survive the termination or expiration of this Agreement.

D. County To Be Provided Audit Report(s): In the event that an audit is conducted of Contractor specifically regarding this Agreement by any federal or State auditor, or any auditor or accountant employed by Contractor or otherwise, Contractor shall file a copy of each such audit report with Director and County's Auditor-Controller within thirty (30) calendar days of Contractor's receipt thereof,

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unless otherwise provided under this Agreement, or under applicable federal or State regulations. To the extent permitted by law, County shall maintain the confidentiality of such audit report(s). Failure of Contractor to comply with these terms shall constitute a material breach of this Agreement upon which County may cancel, terminate, or suspend this Agreement.

E. Audit/Compliance Review: In the event County representatives conduct an audit/compliance review of Contractor, Contractor shall fully cooperate with County's representatives. Contractor shall allow County representatives access to all records of services rendered and all financial records and reports pertaining to this Agreement and shall allow photocopies to be made of these documents utilizing Contractor's photocopier, for which County shall reimburse Contractor its customary charge for record copying services, if requested. Director shall provide Contractor with at least ten (10) working days prior written notice of any audit/compliance review, unless otherwise waived by Contractor.

County may conduct a statistical sample audit/compliance review of all claims paid by County during a specified period. The sample shall be determined in accordance with generally accepted auditing standards. An exit conference shall be held following the performance of such audit/ compliance review at which time the results shall be discussed with Contractor. Contractor shall be provided with a copy

of any written evaluation reports.

Contractor shall have the opportunity to review County's findings on Contractor, and Contractor shall have thirty (30) calendar days after receipt of County's audit/compliance review results to provide documentation to County representatives to resolve the audit exceptions. If, at the end of the thirty (30) calendar day period, there remains audit exceptions which have not been resolved to the satisfaction of County's representatives, then the exception rate found in the audit, or sample, shall be applied to the total County payment made to Contractor for all claims paid during the audit/compliance review period to determine Contractor's liability to County.

F. County Audit Settlements: If, at any time during the term of this Agreement or at any time within five (5) years after the expiration or earlier termination of this Agreement, authorized representatives of County conduct an audit of Contractor regarding the services provided to County hereunder and if such audit finds that County's dollar liability for such services is less than payments made by County to Contractor, then Contractor agrees that the difference shall be either: (1) repaid forthwith by Contractor to County by cash payment, or (2) at Director's option, deducted from any further amount due Contractor from County. If such audit finds that County's dollar liability for services provided hereunder is more than payments made by County to Contractor, then the difference shall be paid forthwith to

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Contractor by County by cash payment. This Paragraph shall survive the termination or expiration of this Agreement.

13. REPORTS: Contractor shall make reports as required by County, or DHS, concerning Contractor's activities and operations as they relate to this Agreement and the provision of services hereunder. In no event, however may County, or DHS, require such reports unless Director has provided Contractor with at least thirty (30) calendar days' prior written notification thereof. Director's notification shall provide Contractor with a written explanation of the procedures for reporting the information required.

14. INTENTIONALLY OMITTED.

15. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"): Under this Agreement, Contractor (also known herein as "Business Associate") provides services ("Services") to County (also known herein as "Covered Entity") in which Business Associate receives, has access to, or creates, Protected Health Information and/or Electronic Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("Security

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Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Privacy and Security Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, the parties agree to the following:

A. DEFINITIONS:

(1) "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner Protected Health Information which is outside of Business Associate's internal operations or to other than its employees.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Further, Electronic Media means: (a) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (b) Transmission media used to exchange information already in electronic storage media. Transmission media

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includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, include of paper, via facsimile ("FAX"), and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "electronic media" draws no distinction between internal and external data, at rest (that is, in storage), as well as, during transmission.

(3) "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Further, Electronic Protected Health Information means protected health information that is: (a) transmitted by electronic media, and (b) maintained in electronic media.

(4) "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(5) "Protected Health Information" has the same meaning as the term

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"protected health information" in 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (a) relates to the past, present, or future, physical or mental health, or condition of an Individual; the provision of health care to an Individual, or the past, present, or future, payment for the provision of health care to an Individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

(6) "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court ordered warrants; subpoenas or summons issued by a court, a grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes

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or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

(8) "Use" or "Uses" means, with respect to Protected Health Information, the analysis, application, employment, examination, sharing, or utilization of such information within Business Associate's internal operations.

(9) Terms used, but not otherwise defined, in this Paragraph shall have the same meaning as those terms in the Privacy and Security Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE:

(1) Permitted Uses and Disclosures of Protected Health Information:
Business Associate:

a. Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in this Paragraph's

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Subparagraphs B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3), and Subparagraph E.(2);

b. Shall Disclose Protected Health Information to Covered Entity upon request;

c. May, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

1) Use Protected Health Information; and

2) Disclose Protected Health Information if the Disclosure is Required By Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

(2) Adequate Safeguards for Protected Health Information: Business Associate:

a. Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

b. Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical,

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and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

(3) Reporting Non-Permitted Use or Disclosure and Security Incidents:

Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its officers, employees, agents, representatives, or subcontractors, but is not specifically permitted by this Agreement, as well as, effective April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to Covered Entity's Departmental Privacy Officer at 1-(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident to the Covered Entity's Chief Privacy Officer, at: Chief Privacy Officer; Kenneth Hahn Hall of Administration; 500 West Temple Street, Suite 525; Los Angeles, California 90012.

(4) Mitigation of Harmful Effect: Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business

Associate in violation of the requirements of this Paragraph.

(5) Availability of Internal Practices, Books and Records to Government Agencies: Business Associate agrees to make its internal practices, books, and records, relating to the Use and Disclosure of Protected Health Information, available to the Secretary of the federal Department of Health and Human Services ("DHHS") for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

(6) Access to Protected Health Information: Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information, specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

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(7) Amendment of Protected Health Information: Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its officers, employees, agents, representatives, or subcontractors. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Subparagraph B.(8) shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that

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could require an accounting under this Subparagraph B.(8), Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subparagraph B.(8) to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

C. OBLIGATION OF COVERED ENTITY: Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph, shall be the same as the term of this Agreement. Business Associate's obligations under this Paragraph's Subparagraph(s) B.(1) (as modified by Subparagraph D.(2)), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3) and Subparagraph E.(2) shall all survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall

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either:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Paragraph and cure is not possible;
or

c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal DHHS.

(3) Disposition of Protected Health Information Upon Termination or Expiration:

a. Except as provided in clause b. of this Subparagraph D.(3), upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity or created, or received, by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of agents, representatives, or subcontractors, of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

b. In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible,

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Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement, to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assignees, any rights, remedies, obligations, or liabilities whatsoever.

(2) Use of Agents, Representatives, and/or Subcontractors: Business Associate shall require each of its agents, representatives, and/or subcontractors, that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent, representative, and/or subcontractor to comply with all the terms of this Paragraph.

(3) Relationship to Services Agreement Provisions: In the event that a provision of this Paragraph is contrary to another provision of this Agreement,

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the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy and Security Regulations means the section as currently in effect, or may hereafter be amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

16. COMPLIANCE WITH JURY SERVICE PROGRAM:

A. Jury Services Program: This Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

B. Written Employee Jury Service Policy:

(1) Unless Contractor has demonstrated to County's satisfaction either that Contractor is not a "contractor" as defined under the Jury Services

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Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Services Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its employees shall receive from Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service served. Contractor's policy may further provide that employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the employee's regular pay the fees received for jury service.

(2) For purpose of this Paragraph, and as set forth in the Jury Service Program provision of the County Code as described hereinabove: "Contractor" shall mean a person, partnership, corporation, or other entity, that has a contract with County, or a subcontract with a County contractor, and has received, or will receive, an aggregate sum of Fifty Thousand Dollars (\$50,000) or more in any twelve (12) month period under one (1) or more County contracts or subcontracts; "employee" shall mean any California resident who is a full-time employee of Contractor; and "full-time" shall mean forty (40) hours or more worked per week, or a lesser number of hours, if: 1) the lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time.

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Full-time employees providing short-term temporary services of ninety (90) days or less within a twelve (12)-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for County under this Agreement, the subcontractor shall also be subject to the provisions of this Paragraph. The provisions of this Paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

(3) If Contractor is not required to comply with the Jury Service Program on the Effective Date, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Services Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "contractor", or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during the term of this Agreement, and at its sole discretion, that Contractor demonstrate to County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "contractor" and/or that Contractor continues to qualify for an exception to the

Jury Service Program.

(4) Contractor's violation of this Paragraph of this Agreement may constitute a material breach of this Agreement. In the event of such breach, County may, in its sole discretion, terminate this Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

17. LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, AND CERTIFICATES: Contractor shall obtain and maintain in effect during the term of this Agreement, all appropriate licenses, permits, registrations, accreditations, and certificates required by all applicable federal, State, and local laws, regulations, guidelines and directives, for the operation of its business operation and for the provisions of services hereunder. Contractor shall ensure that all of its officers, employees, and agents who perform services hereunder, obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, accreditations, and certificates required by federal, State, and local laws, regulations, guidelines and directives, which are applicable to their performance hereunder. Upon Director's written request Contractor shall provide Director with a copy of each license, permit, registration, accreditation, and certificate, as required by all applicable federal, State, and local laws, regulations, guidelines and directives, within ten (10) calendar days thereafter.

18. INDEPENDENT CONTRACTOR STATUS:

A. This Agreement is by and between County and Contractor and is not

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intended, and shall not be construed, to create the relationship of employee, agent, servant, partnership, joint venture, or association, as between County and Contractor. The employees and agents of one party shall not be, or be construed to be, employees or agents of the other party for any purpose whatsoever.

B. Contractor shall be solely liable and responsible for providing to, or on behalf of, its officers and employees all legally required employee benefits. County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, federal, State, and local taxes, or other compensation, benefits, or taxes to, or on behalf of, any personnel provided by Contractor.

C. Contractor understands and agrees that all persons furnishing services to County pursuant to this Agreement are, for purposes of workers' compensation liability, the sole employees of Contractor and not employees of County. Contractor shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any person for injuries arising from or connected with services performed by or on behalf of Contractor pursuant to this Agreement.

19. REQUIREMENT TO NOTIFY EMPLOYEES ABOUT FEDERAL EARNED INCOME CREDIT ("EIC"): Contractor shall notify its employees, and shall require that each of its subcontractors notify its employees, to inform them that they may be eligible for

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claiming federal EIC as allowed under the federal income tax laws. Such notification shall be provided in accordance with the requirements as set forth in the Department of Treasury Internal Revenue Service's ("IRS") Notice 1015; copies of which, are available from the IRS Forms Distribution Center, by calling 1-(800)-829-3676.

20. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

A. Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through County purchase orders and/or contracts are in compliance with their court ordered child, family, and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the federal Social Security Act (42 U.S.C. section 653a) and California Unemployment Insurance Code section 1088.55, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and

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Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code section 5246(b).

B. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

Failure of Contractor to maintain compliance with the requirements set forth in the Contractor's Warranty of Adherence to County's Child Support Compliance Program Paragraph immediately above, shall constitute a default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ninety (90) calendar days of written notice by County shall be grounds upon which County may terminate this Agreement pursuant to the Termination for Default Paragraph of this Exhibit A (Additional Provisions) to this Agreement and pursue debarment of Contractor pursuant to County Code Chapter 2.202.

C. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO CHILD SUPPORT ENFORCEMENT: Contractor acknowledges that County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Contractor understands that it is County's policy to encourage all County Contractors to voluntarily post County's "L.A.'s ("Los Angeles") Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's

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place of business. County's Child Support Services Department will supply Contractor with the poster to be used.

21. SAFELY SURRENDERED BABY LAW: Contractor shall notify and provide to each of its officers, employees, and agents, and shall require that each of Contractor's subcontractors providing services under this Agreement also notify and provide to each of its officers, employees, and agents, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. County's fact sheet is available on the Internet at www.babysafela.org. for printing and review purposes. Further, Contractor understands that it is County's policy to encourage Contractor and all of its subcontractors, providing services under this Agreement, if any, to voluntarily post County's "Safely Surrendered Baby Law" poster in a prominent position at their place of business. County's Department of Children and Family Services will supply Contractor with the poster to be used.

22. CONSIDERATION OF COUNTY'S DEPARTMENT OF PUBLIC SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") PROGRAM OR GENERAL RELIEF OPPORTUNITY FOR WORK ("GROW") PARTICIPANTS FOR EMPLOYMENT: Should Contractor require additional or replacement personnel after the Effective Date, Contractor shall give consideration for any such employment openings to participants in the County's DPSS GAIN or GROW program(s), who meet Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that Contractor will interview qualified candidates. County will refer GAIN/GROW participants by job category to the Contractor. In the event that both laid-off County

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employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

23. COUNTY EMPLOYEE'S RIGHT OF FIRST REFUSAL AND CONTRACTOR'S OFFERS OF EMPLOYMENT: To the degree permitted by Contractor's agreements with its collective bargaining units, Contractor shall give the right of first refusal for its employment openings at Contractor's facility to qualified County employees who are laid-off or who leave County employment in lieu of reduction under County's Civil Service Rule 19, and who are referred to Contractor by Director (including those on a County re-employment list).

Such offers of employment shall be limited to vacancies in Contractor's staff needed to commence services under this Agreement, as well as, to vacancies that occur during the term of this Agreement. Such offers of employment shall be consistent with Contractor's current employment policies, and shall be made to any former or current County employee who has made application to Contractor, and is qualified for the available position. Employment offers shall be at least under the same conditions and rates of compensations which apply to other persons who are employed or may be employed by Contractor. Former County employees who have been impacted by County's Civil Service Rule 19, and who are employed by Contractor shall not be discharged during the term of this Agreement except for cause, subject to Contractor's personnel policies and procedures, and agreement(s) with its collective bargaining units.

Contractor shall also give first consideration to laid-off or reduced County employees

if vacancies occur at Contractor's other service sites during the term of this Agreement.

24. NO INTENT TO CREATE A THIRD PARTY BENEFICIARY CONTRACT:

Notwithstanding any other provision of this Agreement, the parties do not in any way intend that any person shall acquire any rights as a third party beneficiary under this Agreement.

25. SERVICE DELIVERY SITE - MAINTENANCE STANDARDS:

Contractor shall assure that the location(s) (e.g., facility[ies]) where Contractor provides services under this Agreement, is/are operated at all times in accordance with all County and local community standards with regard to property maintenance and repair, graffiti abatement, refuse removal, fire safety, landscaping, and in full compliance with all applicable local laws, ordinances, and regulations relating to the property. County's periodic monitoring visits to Contractor's facility(ies) shall include a review of compliance with the provisions of this Paragraph.

26. DAMAGE TO COUNTY BUILDINGS, FACILITIES, OR GROUNDS:

Contractor shall repair, or cause to be repaired, at its own cost, any damage to County buildings, facilities, or grounds, caused by Contractor or any officer, employee, or agent of Contractor. Such repairs shall be made immediately after Contractor has become aware of such damage, but in no event, later than thirty (30) calendar days after the occurrence.

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If Contractor fails to make timely repairs, County may make any necessary repairs on its own. All costs incurred by County for such repairs, as determine by Director, shall be repaid by Contractor upon demand.

27. PUBLIC ANNOUNCEMENTS AND LITERATURE: Public announcements and literature distributed by Contractor for the purpose of apprizing recipients of services available under this Agreement and/or imparting information to the general public of the nature of services available under this Agreement shall be approved by Director. All printed materials developed by Contractor under this Agreement for general public dissemination, shall be reviewed and approved by Director before printing takes place.

28. USE OF RECYCLED - CONTENT PAPER AND PAPER PRODUCTS: Consistent with County's Board of Supervisors policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to use recycled-content bond paper and paper products to the maximum extent possible in connection with services to be performed by Contractor under this Agreement.

29. NOTICE OF DELAYS: Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall within two (2) calendar days, give notice thereof, including all relevant information with respect thereto, to the other party.

30. RESTRICTIONS ON LOBBYING:

A. Federal Certification and Disclosure Requirement: If any federal monies

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are to be used to pay for Contractor's services under this Agreement, Contractor shall comply with all certification and disclosure requirements prescribed by section 319, Public Law 101-121 (31 U.S.C. section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Agreement also fully comply with all such certification and disclosure requirements.

B. County Lobbyists: Contractor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code section 2.160.010, retained by Contractor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Contractor or any County lobbyist or County lobbying firm retained by Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which Director may suspend or County may immediately terminate this Agreement.

31. CONFLICT OF INTEREST:

A. No County officer or employee whose position in County enables such officer or employee to influence the award or administration of this Agreement or any competing agreement, and no spouse or economic dependent of such officer or employee shall be employed in any capacity by Contractor herein, or have any other direct or indirect financial interest in this Agreement. No officer, employee, agent, or subcontractor of Contractor who may financially benefit from the provision of

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services hereunder shall in any way participate in County's approval process for the award of this Agreement or any competing agreement, or ongoing evaluation of such services, under this Agreement or any competing agreement, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such services.

B. Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. Contractor warrants that it is not now aware of any facts which create a conflict of interest. If Contractor hereafter becomes aware of any facts which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to Director. Full written disclosure shall include, without limitation, identification of all persons involved, or implicated, and a complete description of all relevant circumstances.

32. COUNTY'S QUALITY ASSURANCE PLAN: County or its agent(s), will be allowed to evaluate Contractors performance (including the performance of any party providing services on behalf of Contractor) under this Agreement as may be required from time-to-time for quality assurance purposes, but not less than on an annual basis. Such an evaluation will include, but not be limited to, assessing Contractor's compliance with all Agreement terms and performance standards. Any Contractor deficiencies or actions which are found to be in non-compliance with such terms and performance standards which

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Director determines are severe, or continuing, and that may place the performance of this Agreement in jeopardy if not corrected, will be immediately reported to County's Board of Supervisors by Director. The report will include a description of the quality improvement and/or corrective action measures to be taken by County and Contractor. If Contractor's performance does not improve after the initiation of such quality improvement and/or corrective actions, then County may impose other penalties as may be specified in this Agreement, or may terminate this Agreement immediately.

33. TERMINATION FOR INSOLVENCY, DEFAULT, GRATUITIES, AND/OR IMPROPER CONSIDERATIONS, AND CONVENIENCE:

Notwithstanding anything to the contrary set forth in this Agreement, termination of this Agreement for any reason shall not constitute a termination of the Prior License Agreements, which termination shall require a separate action thereunder in accordance with the terms thereof.

A. Termination for Insolvency: County may terminate this Agreement immediately for default in the event of the occurrence of any of the following:

(1) Insolvency of Contractor. Contractor shall be deemed to be insolvent if it has ceased to pay its debts at least sixty (60) calendar days in the ordinary course of business or cannot pay its debts as they become due,

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whether Contractor has committed an act of bankruptcy or not, and whether Contractor is insolvent within the meaning of the federal Bankruptcy Law or not;

(2) The filing of a voluntary or involuntary petition under the federal Bankruptcy Law;

(3) The appointment of a Receiver or Trustee for Contractor;

(4) The execution by Contractor of an assignment for the benefit of creditors.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

B. Termination For Default: County may, by written notice of default to Contractor, terminate this Agreement immediately in any one of the following circumstances, as determined by County, acting through County's Project Director or otherwise:

(1) If Contractor fails to perform any services within the times specified in this Agreement or any extension thereof as County may authorize in writing;

or

(2) If Contractor fails to perform and/or comply with any of the other provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either of

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these two (2) circumstances, does not cure such failure within a period of five (5) calendar days (or such longer period as County may authorize in writing) after receipt of notice from County specifying such failure.

Contractor may, by written notice of default to County, terminate this Agreement immediately in the event that County does not pay any installment of Annual Consulting Fees within six (6) calendar months of the date on which such installment is payable by County under Paragraph 11 (Invoicing and Payments) of this Exhibit. Contractor's ability to terminate this Agreement in the event of such default is in no way intended, and shall not, create a similar termination right under the Prior License Agreements.

This Agreement shall terminate immediately upon the termination of the Prior License Agreements in accordance with Paragraph 3 (Termination of License for Cause) thereof.

Except as expressly set forth above, the rights and remedies of County and Contractor provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

C. Termination For Gratuities and/or Improper Consideration: County may, by written notice to Contractor, immediately terminate Contractor's right to proceed under this Agreement, if it is found that gratuities or consideration in any form, were offered or given by Contractor, either directly or through an intermediary, to any

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County officer, employee, or agent, with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Agreement, or making of any determinations with respect to the Contractor's performance pursuant to this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent, to solicit such improper gratuity or consideration. The report shall be made either to the County manager charged with the supervision of the employee or agent, or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. (Among other items, such improper gratuities and considerations may take the form of cash, discounts, services, the provision of travel or entertainment, or other tangible gifts.)

D. Termination For Convenience: The performance of services under this Agreement may be terminated, with or without cause, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a sixty (60) calendar day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective. If the Notice of Termination is for suspension, such

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notice additional shall set forth the requirements for full restoration of Contractor's performance obligations and County payments.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

- (1) Stop services under this Agreement on the date and to the extent specified in such Notice of Termination; and
- (2) Complete performance of such part of the services as shall not have been terminated by such Notice of Termination.

Further, after receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any, due to Contractor in respect to the termination or suspension, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor for a period of five (5) years after final settlement under this Agreement, in accordance with Paragraph 12 (Records and Audits) of this Exhibit,

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herein, retain and make available all its books, documents, records, or other evidence, bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder.

34. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the Los Angeles County Code, if County acquires information concerning the performance of Contractor on this or other contracts which indicates that Contractor is not responsible, County may, in addition to other remedies provided in this Agreement, debar Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (i) violated a term of a

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contract with County or a nonprofit corporation created by County; (ii) committed an act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform a contract with County, any other public entity, or a nonprofit corporation created by County, or engaged in a pattern or practice which negatively reflects on same; (iii) committed an act or offense which indicates a lack of business integrity or business honesty or (iv) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, County's Project Director will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor and/or Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and if so, the appropriate length of time of the debarment. Contractor and DHS shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to County's Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a

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record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to County's Board of Supervisors. County's Board of Supervisors shall have the right at its sole discretion to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

G. If a contractor has been debarred for a period longer than five (5) years, that contractor may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that such contractor has adequately demonstrated one or more of the following: (i) elimination of the grounds for which the debarment was imposed; (ii) a bona fide change in ownership or management; (iii) material evidence discovered after debarment was imposed; or (iv) any other reason that is in the best interests of County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (i) the requesting contractor has been debarred for a period longer than five (5) years, (ii) the debarment has been in effect for at least five (5) years and (iii) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the

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hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

I. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to County's Board of Supervisors. County's Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

J. These terms shall also apply to subcontractors of County.

35. SOLICITATION OF BIDS OR PROPOSALS: Contractor acknowledges that County, prior to expiration or earlier termination of this Agreement, may exercise its right to invite bids (e.g., invitation for bids ["IFB"]), request proposals (e.g., request for proposals ["RFP"]), or do other similar competitive selection procedures, in order to select providers for the continued provision of the services delivered or contemplated under this Agreement. County and/or DHS shall make the determination to solicit bids or proposals in accordance with applicable County and DHS policies.

Contractor acknowledges that County may enter into a contract for the future provision of services, based upon the bids or proposals received, with a provider or

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providers other than Contractor. Further, Contractor acknowledges that it obtains no greater right to be selected through any future bids, proposals, or other competitive selection procedure, by virtue of its present status as Contractor.

36. GOVERNING LAW, JURISDICTION, AND VENUE: This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that the venue of any action (other than an appeal or an enforcement of a judgement) brought by Contractor, on Contractor's behalf, or on the behalf of any subcontractor, which arises from this Agreement or is concerning or connected with services performed pursuant to this Agreement, shall be exclusively in the courts of the State of California located in Los Angeles County, California. This Paragraph shall survive the termination or expiration of this Agreement.

37. WAIVER: No waiver of any breach of any provision of this Agreement by County or Contractor shall constitute a waiver of any other breach of such provision. Failure of County or Contractor to enforce at any time, or from time-to-time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity. This Paragraph shall survive the termination or expiration of this Agreement.

38. SEVERABILITY: If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement and the

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application of such provision to other persons or circumstances shall not be affected thereby.

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SOLE SOURCE CONSULTANT SERVICES AGREEMENT
(EVALISYS® PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM)

STATEMENT OF WORK

1. OBJECTIVE: To obtain consulting services to establish an annual support program for the EVALISYS® Patient Classification System ("PCS") which PCS and its related patient classification tools, software, data collection forms and/or study coordination manuals identified in any of Attachments A-1, A-2, and A-3 hereto as "Licensed Products" were licensed by County for the benefit of Department of Health Services ("DHS") in July 2000, and implemented at the six County hospitals, comprehensive health centers, and health centers throughout the County. The PCS and the Updates (as defined below), written reports and other written materials described in Paragraph 18 (License and Prior License Agreements) of the body of this Agreement are collectively referred to herein as the "Licensed Products".

2. BACKGROUND: PCS has become an established tool for determining adequate staffing in all clinical settings. A PCS is a means of measuring patient care requirements, and subsequently the volume, distribution and skill mix of staff needed to meet those requirements. Historically, there has been great variation in the tools and/or approaches used to classify patients. The State Department of Health Services previously adopted new Title 22 language regarding patient classification systems. Section 70053.2 states that:

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PCS means a method for establishing staffing requirements by unit, patient, and shift that includes:

- A. A method to predict nursing care requirements of individual patients.
- B. An established method by which the amount of nursing care needed for each category of patient is validated for each unit and each shift.
- C. An established method to discern trends and patterns of nursing care delivery by each unit, each shift, and each level of licensed and unlicensed staff.
- D. A mechanism by which the accuracy of the nursing care validation method described in number 2 above can be tested. This method will address the amount of nursing care needed by patient category and pattern of care delivery, on an annual basis or more frequently, if warranted by the changes in patient population, skill mix of the staff, or patient care delivery model.
- E. A method to determine staff resource allocations based on nursing care requirements for each shift and each unit.
- F. A method by which the hospital validates the reliability of the PCS for each unit and for each shift.

3. SCOPE AND REQUIREMENTS: Contractor shall provide an annual support program for the Licensed Products which will include:

[REDACTED]

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[REDACTED]

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in licensed County facilities where the PCS is being used other than as recommended by Contractor.

4. CONTRACTOR PERSONNEL:

A. Contractor shall designate an administrator to lead and coordinate Contractor's provision of consultant services for the PCS support program hereunder. Upon request by Director, Contractor's administrator shall be available at all reasonable times (Monday through Friday, 8:00 a.m. to 5:00 p.m.) to explain the recommendations and materials it is providing to County hereunder; such explanation shall include, but not be limited to, providing oral presentations on behalf of the Director, and upon Director's request providing written reports, to appropriate facility accreditation and licensing agencies.

Contractor's administrator shall be responsible for maintaining a running log of the number of County's used and remaining consultation days hereunder. Contractor's administrator shall be available via telephone at all reasonable times (Monday through Friday, 8:00 a.m. to 5:00 p.m.) to answer County's Project Director's or designee's questions regarding such used and remaining consultation days. For purposes of the immediately preceding sentence, Contractor's administrator shall be deemed to be "available at all reasonable times" if Contractor's administrator returns a voice mail message left by County's Project Director, or designee, within one (1) business day of County's Project Director or designee

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leaving such voice mail. Contractor shall notify County, in writing, of the name, telephone (e.g., cellular [cell phone]), pager, and facsimile/FAX number(s) of Contractor's designated administrator within ten (10) calendar days prior to the Effective Date.

B. Contractor's administrator shall be responsible for determining daily work duties, staffing levels, scheduling, and staffing hours needed to properly provide consultant services hereunder. During the term of this Agreement, Contractor shall have available and shall provide upon request to authorized representatives of Director, the names of Contractor's staff (including any subcontractor staff), their titles, professional degrees, salary history, and experience in providing services hereunder. County's Project Director shall have the right to reasonably require removal of any of Contractor's staff (including any subcontractor staff) performing work hereunder. In the event County's Project Director requests the removal of any of Contractor's staff (or any subcontractor staff) performing work hereunder, Contractor shall promptly fill the vacancy with an individual having qualifications at least equivalent to the individual being removed.

C. Contractor's administrator shall institute and maintain appropriate supervision of all persons providing services pursuant to this Agreement. Further, unless directed pursuant to this Agreement by Director to do otherwise, Contractor shall work independently on designated assignments in accordance with the

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Statement of Work duties contained hereunder.

D. Contractor assumes the sole responsibility for the timely completion of all activities assigned or to be performed hereunder.

5. COUNTY PERSONNEL: County does not anticipate assigning County personnel or employees to assist Contractor on a full-time or even a part-time basis regarding services to be provided by Contractor pursuant to this Agreement. However, County personnel will be made available to Contractor at the discretion of Director to provide necessary input and assistance in order to answer questions and provide necessary liaisons between Contractor and County facilities.

6. AUTHORITY TO USE COUNTY SPACE AND OTHER PROPERTY: In order to perform services hereunder, and only for the performance of such services, Contractor is authorized to use and occupy, free of charge, and on a nonexclusive basis, available space in County facilities, but only if first approved by Director.

If, at any time during the term of this Agreement, any space provided to Contractor by Director is required for other County purposes, at Director's sole discretion, then such space shall be immediately vacated by Contractor and may thereafter be used by County for any purpose.

7. FACILITIES TO BE SERVED: Contractor shall provide services to all the County facilities listed on Attachment B-1 (Licensed Facilities) attached hereto.

8. PAYMENT: As noted in Paragraph 8 (Maximum Obligation of County) of the body of this Agreement, the fee for the PCS support program for each twelve calendar

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

PCS SUPPORT AGREEMENT

EXHIBIT B

month period during term of this Agreement shall be the Annual Consulting Fee (as defined in the body of this Agreement) for such period plus expenditures incurred by Contractor during such period to the extent permitted under Paragraph 8 (Maximum Obligation of County) of the body of this Agreement. Such fee shall include, for each twelve calendar month period during the term of this Agreement, all of the services described under this Exhibit B (Statement of Work) for all the licensed County facilities listed in Attachment B-1 (Licensed Facilities) attached hereto. Such amounts shall be payable at such times and in such manner as described in Paragraph 11 (Invoicing and Payments) of Exhibit A (Additional Provisions) to this Agreement.

ATTACHMENT A-1

CATALYST SYSTEMS, LLC

SOLE SOURCE CONSULTANT SERVICES AGREEMENT
(EVALISYS® PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM)

PRIOR LICENSE AGREEMENT

[see attached]

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

PCS SUPPORT AGREEMENT

ATTACHMENT A-2

CATALYST SYSTEMS, LLC

SOLE SOURCE CONSULTANT SERVICES AGREEMENT

(EVALISYS® PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM)

PRIOR LICENSE AGREEMENT

[see attached]

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

PCS SUPPORT AGREEMENT

ATTACHMENT A-3

CATALYST SYSTEMS, LLC

SOLE SOURCE CONSULTANT SERVICES AGREEMENT

(EVALISYS® PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM)

PRIOR LICENSE AGREEMENT

[see attached]

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

PCS SUPPORT AGREEMENT

ATTACHMENT B-1

CATALYST SYSTEMS, LLC

SOLE SOURCE CONSULTANT SERVICES AGREEMENT
(EVALISYS® PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM)

LICENSED FACILITIES

INPATIENT TOOLS AND STUDY:

1. Harbor/UCLA Medical Center
2. High Desert Health System
3. King/Drew Medical Center
4. LAC+USC Medical Center
5. Olive View Medical Center
6. Rancho Los Amigos National Rehabilitation Center

OUTPATIENT/AMBULATORY CARE TOOLS AND STUDY:

1. Hospital-Based Ambulatory Outpatient Services
2. Comprehensive Health Centers
3. Health Centers
4. Public Health Centers (Outpatient)
5. Outpatient Drug and Alcohol Rehabilitation Services

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

PCS SUPPORT AGREEMENT

SCHEDULE 1

CATALYST SYSTEMS, LLC

SOLE SOURCE CONSULTANT SERVICES AGREEMENT
(EVALISYS® PATIENT CLASSIFICATION SYSTEM SUPPORT PROGRAM)

ANNUAL CONSULTING FEES

CONTRACT YEAR*	Y1	Y2	Y3	Y4	Y5
ANNUAL CONSULT- ING FEE	\$125,290	\$125,290	\$125,290	\$125,290	\$125,290

* As used in this Schedule, "year" means each twelve calendar month period commencing on the Effective Date of this Agreement and ending on the expiration of the term of this Agreement.

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
CATALYST SYSTEMS, LLC

PCS SUPPORT AGREEMENT